

KANSAS RACING AND GAMING COMMISSION

MINUTES – NOVEMBER 12, 2021

CALL TO ORDER
(A.)

Chairman David Moses called the November 12, 2021, meeting to order at 9:31 a.m. The meeting was held via teleconference. Notice of this teleconference was given to the public via the KRGC and Public Square websites. Commissioners Brandon Jones, Dave Myres and Larry Turnquist were also present. Others present included Executive Director Don Brownlee, General Counsel Judith Taylor, Director of Administration, Audit, and Finance Brandi White, Director of Security Roger Bailey, and other staff.

MOTION, EXECUTIVE
SESSION; ATTORNEY-
CLIENT PRIVILEGE;
CONFIDENTIAL FACILITY
MANAGER FINANCIAL
INFORMATION;
CONFIDENTIAL
BACKGROUND REPORTS
(B.)

Commissioner Jones (Turnquist) moved that the Commission go into executive session for the purpose of reviewing confidential background reports presented today by the commission's security division, reviewing confidential facility manager financial information, and consulting with the agency's attorney on attorney-client privileged communications. In addition to the commissioners, the attorney-client privileged communications and confidential facility manager financial information portions included the executive director and general counsel. The confidential background reports portion included the executive director, general counsel, and director of security. The total time for the executive session was anticipated to be 25 minutes until 10:00 a.m. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. The motion carried 4-0 and the meeting was adjourned to executive session at 9:35 a.m.

RECONVENE
(C.)

The commission meeting returned to open session at 10:05 a.m. with Chairman Moses, Commissioner Jones, Commissioner Myres, and Commissioner Turnquist.

MOTION, APPROVE
AGENDA
(D.)

Executive Director Brownlee stated that there were no amendments to the agenda, however there was an additional item added to the executive session. Commissioner Myres (Jones) moved to approve the agenda. Motion carried 4-0.

MOTION, APPROVE
October 15, 2021
MEETING MINUTES
(E.)

Commissioner Turnquist (Myres) moved to approve the minutes of the October 15, 2021 meeting. Motion carried 4-0.

MOTION, APPROVE
CONSENT AGENDA
(F.)

Commissioner Jones (Myres) moved to approve the consent agenda (five items). Motion carried 4-0.

LOTTERY GAMING
FACILITY
REPORTS/ITEMS; BOOT
HILL CASINO & RESORT
(G.1.a.)

Ryan Deutsch, Assistant General Manager, reported:

- October 2021 revenue numbers compared to October 2020:
 - Total gaming revenue up 27.35%
 - Total slot revenue up 27.51%
 - Table games revenue up 25.90%
- Events and Promotions:
 - Weekly Kiosk Games
 - Weekly Food and Beverage Specials
 - Gift Promotions
 - Charity Match Hot Seats
 - Hunting Promotion
 - VIP Promotions
 - JackO's Money Maze Hot Seats
 - Charity Match Hot Seat
 - Jeff Dunham, October 22
 - KSHSAA State Volleyball Tournament, October 29
 - Holiday Donation Drive, November 22 – December 19
 - VIP Black Friday Free Play Frenzy, November 26 – 27
 - Gary Allan, December 3
 - Stars on Ice Holiday Tour, December 17
 - Fairy Tales on Ice, March 6
- Boot Hill Casino's COVID-19 precautions and the impact on staff and patrons

LOTTERY GAMING
FACILITY
REPORTS/ITEMS; KANSAS
STAR
(G.2.a.)

Jeff Babinski, Vice President and General Manager, reported:

- Admissions down 7.7% compared to October 2020
- October 2021 revenue numbers compared to October 2020:
 - Total gross gaming revenue down 4.8%
 - Slot coin-in down 5.4%
 - Slot hold down 0.23 pts

- Table games drop up 33.1%
 - Table games hold down 2.0 pts
- Past Events and Promotions:
 - Wichita Flea Market, October 16 & 17
 - The Commodores, November 5 (Cancelled)
 - VIP Gift Give Away, October 3
 - Electric Skillet Give Away, October 9
 - Serving Bowls Give Away, October 16
 - Air Fryer Give Away, October 23
- Upcoming Events and Promotions:
 - National Finals Steer Roping, November 12 & 13
 - Wichita Flea Market, November 20 & 21
 - Wichita Farm Expo, December 3 – 5
 - Wichita Flea Market, December 18 & 19
- Kansas Star Casino's COVID-19 precautions and the impact on staff and patrons

LOTTERY GAMING
 FACILITY
 REPORTS/ITEMS;
 HOLLYWOOD CASINO AT
 KANSAS SPEEDWAY
 (G.3.a.)

Rick Skinner, Vice President & General Manager, reported:

- Admissions were up 23.9% compared to October 2020
- October 2021 revenue numbers compared to October 2020:
 - Total gross gaming revenue up 35.2%
 - Slot revenue up 34%
 - Table games revenue up 53.5%
 - Poker room remains closed but will open on December 9
- Recent/Upcoming Events and Promotions:
 - NASCAR Hollywood Casino, October 24
 - \$25K App of Cash, October 29
 - \$250K Halloween Pull Tabs, October 30
 - Rollin Riches, November 5
 - \$25K Table Games Drawing, November 6
 - \$20K Slot Tournament, November 6
 - Pie Giveaway, November 24
 - \$25K Gobble up the Cash, November 26
 - Holiday Kick-Off, November 27
 - \$30K Winners Party, December 4
- Hollywood Casino's COVID-19 precautions and the impact on staff and patrons

LOTTERY GAMING
FACILITY
REPORTS/ITEMS; KANSAS
CROSSING CASINO
(G.4.a.)

Jeff McKain, General Manager, reported:

- Admissions up 28.1% compared to October 2020
- October 2021 revenue numbers compared to October 2020:
 - Net slot revenue up 22.5%
 - Coin in up 22.2%
 - Table games drop up 48.8%
 - Net gaming revenue up 22.2%
- Events and Promotions:
 - October
 - Casino Hot Seats every Monday
 - Point Multiplier Kiosk games every Tuesday
 - Camp 49 Hot Seats and lunch specials every Wednesday
 - Casino Hot Seats every Thursday
 - Hidden Millions promotion every Friday
 - Bank Buster Progressive Drawing, October 29
 - Clash at the Crossing 3 (Boxing and MMA), November 2
 - Reckless Kelly Concert, November 23
 - Casino Gift Day every Saturday
 - November
 - Casino Hot Seats every Monday
 - Point Multiplier Kiosk games every Tuesday
 - Camp 49 Hot Seats and lunch specials every Wednesday
 - Casino Hot Seats every Thursday.
 - Prize Wheel promotion every Friday
 - VIP Dinner, November 12 & 19
 - Bank Buster Progressive drawing, November 26
 - Casino Gift Day every Saturday
 - Bonus Gift Day, November 28
- Kansas Crossing Casino's COVID-19 precautions and the impact on staff and patrons

COMMISSION ITEMS –
OLD BUSINESS
(H.1)

There was no old business.

COMMISSION ITEMS –
NEW BUSINESS
(I.1.)

Matthew Bergmann, Attorney for Kansas Star Casino presented the Kansas Star Casino/Boyd Gaming Corporation's Material Debt Transaction Approval Request

Commissioner Turnquist asked if the overall total dollar amount would be a substantial increase or would remain about the same. Josh Hirsberg, Executive Vice President, Chief Financial Officer and Treasurer of Boyd Gaming Corporation said that the total dollar amount would remain about the same.

Chairman Moses asked if there was any language that would compromise or impact the position of the state of Kansas on certain assets. Matthew Bergmann stated that there was not, and there was no change in the language that was previously submitted to the Kansas Racing and Gaming Commission.

PUBLIC COMMENTS
(J.)

There were no public comments.

STAFF REPORTS
(K.1 and K.2)

Garrett Rogers, Paralegal, reported on the Voluntary Exclusion Program statistics for the month of October 2021.

Executive Director Brownlee reports:

- Governor Kelly has requested that all state offices remain closed, and staff work from home through the end of the calendar year.
- The Kansas Racing and Gaming Commission has received the budget recommendation from the Division of Budget. No changes were recommended to the Kansas Racing and Gaming Commission's requested budget.
- Commercial gaming revenue nationally for the third quarter of this year was the highest in industry history at \$13.9 billion. This is the second consecutive record-breaking quarter. Compared to last year, third quarter revenue was 54% higher, and 24% higher than 2019.
- Only five states have live dog racing: Alabama, Arkansas, Iowa, Texas, and West Virginia. At the end of the dog racing season in 2022, Iowa will no longer allow live dog racing.
- In the last week, Kansas Racing and Gaming agents destroyed 80 illegal gaming devices.
- The next commission meeting will be held on December 17, 2021.

MOTION, EXECUTIVE
SESSION; ATTORNEY-
CLIENT PRIVILEGE;
CONFIDENTIAL FACILITY
MANAGER FINANCIAL
INFORMATION;
CONFIDENTIAL
BACKGROUND REPORTS
(L.1.)

Commissioner Myres (Jones) moved that the Commission go into executive session for the purpose of reviewing confidential background reports presented today by the commission's security division, consulting with the agency's attorney on attorney-client privileged communications, and conducting a confidential review and discussion of the Kansas Star Casino/Boyd Gaming Corporation material debt transaction approval request, specifically considering whether the transaction would deprive the facility manager of financial stability, the financial condition of the affiliate, and the potential impact of any default on the gaming facility manager. In addition to the commissioners, the confidential background reports portion will include the executive director, general counsel, director of security, Regional Security Manager D.J. Lopez, and Enforcement Agent Darin Altenburg. The confidential review and discussion of the Kansas Star Casino/Boyd Gaming Corporation material debt transaction approval request will include the executive director, general counsel, and Government Relations Manager Todd Allen. The total time for the executive session was anticipated to be forty-five (45) minutes until 11:35 a.m. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session via teleconference. The motion carried 4-0, and the meeting was adjourned to executive session at 10:50 a.m.

RECONVENE
(L.2.)

The commission meeting returned to open session via teleconference at 11:44 a.m. with Chairman Moses, Commissioner Jones, Commissioner Myres, and Commissioner Turnquist present.

MOTIONS ON LICENSE
APPLICATIONS
(M.1)

Commissioner Turnquist (Myres) moved to *deny two* license applications, *conditionally approve two* license applications, *deny one* request for reconsideration, and *approve the remaining 126* license applications from the November 12, 2021 list of 131 background reports referred to the commission for action.

After discussion, Chairman Moses asked to separate the action regarding the request for reconsideration from the actions regarding the other license applications to allow commissioners to make a statement regarding their vote. Commissioner Turnquist (Myres) withdrew the original motion.

MOTION ON REQUEST
FOR RECONSIDERATION
(M.1)

Commissioner Turnquist (Myres) moved to deny the request for reconsideration of Aruze Gaming from the November 12, 2021 list of background reports referred to the commission for action. The motion carried 4-0. Chairman Moses stated that after considering Aruze Gaming's request and the information provided by Aruze in support of its request, no additional or new information was provided to support an action from the commission to change its October decision.

MOTIONS ON LICENSE
APPLICATIONS
(M.1)

Commissioner Turnquist (Myres) moved to *deny two* license applications, *conditionally approve two* license applications, and *approve the remaining 126* license applications from the November 12, 2021 list of background reports referred to the commission for action. The motion carried 4-0.

MOTION FOR APPROVAL
OF BOYD GAMING
TRANSACTION
(M.2)

Commissioner Myres (Jones) moved to approve the Kansas Star Casino/Boyd Gaming Corporation Material Debt Transaction Approval Request. The motion carried 4-0.

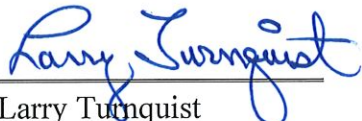
There were no other items for discussion or motion.

ADJOURNMENT
(N.)


Chairman Moses stated that the December 17, 2021, commission meeting will begin at 9:30 a.m. by teleconference.

Commissioner Jones (Turnquist) moved to adjourn the meeting. Motion passed 4-0. The meeting was adjourned at 11:50 a.m.

SUBMITTED BY:


Larry Turnquist
Secretary

APPROVED BY:


David Moses
Chairman